

"Choosing a Health Plan: Providing Medicare Beneficiaries with the Right Tools"
Hearing of the Senate Special Committee on Aging
Statement of Senator John Breaux, Ranking Member
May 6, 1998

Along with new choices in Medicare comes the need for accurate, easy-to-understand comparative information to help beneficiaries understand how they differ and how to judge the quality and performance of health plans.

Many beneficiaries do not understand the way Medicare works and have little or no working knowledge of managed care. Many beneficiaries, for example, believe that to join an HMO, they have to leave Medicare. A recent Department of Health and Human Services report found that over a quarter of all beneficiaries in a Medicare HMO did not know they had appeal rights. That indicates that the baseline of knowledge is not where it should be, especially with the many changes occurring in the program.

Fortunately, the balanced budget agreement (BBA) contained specific requirements regarding the information beneficiaries should receive about their health plan options. Under BBA, the Health Care Financing Administration (HCFA) is required to publicize plans' disenrollment rates, enrollee satisfaction measures, health outcome measures, and records of compliance with certain requirements. HCFA is also required to provide beneficiaries with comparative information on plans' benefits, premiums, service areas, and supplemental benefits.

But there is a difference in simply sending out loads of information and providing simple, easy-to-understand, and useful information that will enable seniors to successfully navigate the healthcare system.

Since these information provisions in BBA were based largely on legislation Chairman Grassley and I introduced last year, we have a special obligation to ensure that beneficiaries are provided with useful, understandable information and that they know where to get answers to their questions. While providing the Medicare population with new options is a positive step, the information provisions of BBA must be implemented the right way in order to avoid a situation where beneficiaries don't understand their program and are overwhelmed and frustrated.

One part of a successful strategy must be to harness and coordinate all resources, such as senior centers and area agencies on aging. Another resource is the Insurance Counseling Assistance (ICA) program. The ICA program, run by state insurance offices and state and area agencies of aging, provides one-on-one assistance to beneficiaries who have questions about the Medicare program. Currently, many beneficiaries receive information about health insurance from friends or the health plans themselves, which may not guarantee unbiased, objective information.

Providing comparative information about health plans is not a new idea. The Federal Employees Health Benefits Program, for example, provides enrollees with the results of its customer satisfaction survey in a simple, straightforward manner. It is my understanding that HCFA plans to do a similar survey for the Medicare population this year.

Good comparative information for Medicare beneficiaries is especially important because the benefits offered by health plan varies considerably. As we will hear from the General Accounting Office today, the prescription drug benefit can be especially confusing for beneficiaries shopping around for the right health plan.

The provisions in BBA relating to information about health plans is vital to the success of the Medicare+Choice program. I look forward to hearing from our witnesses. I want to extend a special welcome to HCFA's new Deputy Administrator, Mike Hash, who is appearing before the Senate Aging Committee for the first time.